

Message Text

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ACTION SS-15

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FM USDEL SECRETARY IN NEW YORK
TO SECSTATE WASHDC IMMEDIATE
INFO AMEMBASSY BELGRADE
AMEMBASSY VIENNA
USMISSION NATO

C O N F I D E N T I A L SECTION 1 OF 2 SECTO 10016

FOR S/S-S

E.O. 11652: GDS
TAGS: CSCE, ALT, AU, UN
SUBJECT: PAHR UNGA BILATERAL WITH THE SECRETARY, SEPTEMBER 29

SUMMARY. DURING A FIENDLY HALF-HOUR DISCUSSION AT THE UNGA ON SEPTEMBER 29, AUSTRIA FOREIGN MINISTER PAHR AND THE SECRETARY DISCUSSED EAST-WEST AND BILATERAL ISSUES. PAHR INFORMED THE SECRETARY OF TWO AUSTRIAN CSCE INITIATIVES CONCERNING ENERGY AND INLAND WATER TRANSPORTATION. ACTION. THE SECRETARY AGREED TO TRANSMIT AN AIDE MEMOIRE ON THE LATTER SUBJECT TO THE CSCE DELEGATION (SEPTTEL). ACTION. THE SECRETARY ALSO AGREED TO CHECK INTO PAHR'S EXPRESSION OF CONERN CONCERNING PROBLEMS ENCOUNTERED IN IMPORTATION OF AUSTRIAN STEEL INTO THE U.S. BOTH AGREED THAT THE DECISION ON WHERE TO HOST THE 1979 UN SCIENTIFIC/TECHNOLOGY CONFERENCE SHOULD NOT BE A DIVISIVE ISSUE. END SUMMARY.

1. AUSTRIAN FOREIGN MINISTER WILLIBALD PAHR, ACCOMPANIED BY AUSTRIAN UN PERM REP PETER JANKOWITSCH AND AUSTRIAN UN DELEGATION CHIEF OS STAFF. ANTON PROHASKA HELD A BILATERAL DISCUSSION WITH SECRETATRY VANCE FROM NOON UNTIL 12:30PM ON SEPTEMBER 29 AT THE SECRETARY'S UN SUITE. EUR/CE
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DIRECTOR WOESSNER AND AUSTRIA DESK OFFICER HURLEY ALSO ATTENDED.

2. PAHR EXTENDED THE CHANCELLOR'S BEST REGARDS. HE THANKED THE SECRETARY FOR THE LETTER THAT PRESIDENT CARTER HAD SENT TO THE CHANCELLOR ON THE OCCASION ON VICE PRESIDENT MONDALE'S MAY VISIT TO VIENNA. PAHR ALSO EXPRESSED HIS APPRECIATION

OF NET US AMBASSADOR WOLF WHO, HE FELT, IN A SHORT TIME
HAD ALREADY DONE MUCH TO CONTRIBUTE TO US-AUSTRIAN RELATIONS.

3. THE SECRETARY APOLOGIZED FOR HIS INABILITY TO GO TO
VIENNA FOR THE SALT ROUND SCHEDULED EARLIER IN THE MONTH.
HE POINTED OUT THAT TWO FACTORS HAD LED TO POSTPONEMENT OF
THE TRIP. HE HAD FELT BOTH SIDES WERE NOT READY YET TO
SIT DOWN WITH A CHANCE OF REAL PROGRESS, AND THAT MORE
PREPARATION TIME WOULD PRODUCE A DIFFERENT RESULT. HERE
HE WAS PROVEN CORRECT. THE SIGNING OF THE PANAMA CANAL;
WAS THE OTHER REASON.

4. THE SECRETARY SAID HE FELT THE THREE RECENT MEETING
HE HAD HELD WITH GROMYKO ON SALT HAD BEEN USEFUL. PROGRESS
HAD BEEN MADE AND DIFFICULTIES NARROWED. THE US AND THE
SOVIET UNION WERE NOW AT A POINT WHERE THE NEGOTIATIONS
COULD BE TURNED OVER TO THE DELEGATES IN GENEVA. WARNKE
WOULD GO THERE LATER THIS WEEK AND CONTINUE TALKS ON A
DAILY BASIS. PAHR NOTED THAT THIS WAS A POSITIVE STEP
IN DETENTE.

5. ON CSCE, THE SECRETARY DECLARED THE US DELEGATION WAS
NOT SEEKING CONFRONTATION BUT DID INTEND TO CARRY OUT A
SERIOUS REVIEW OF WHAT THE HELSINKI SIGNERS HAD DONE AND
FAILED TO DO. THE US VIEWED CSCE IN A VERY POSITIVE LIGHT,
AWARE THAT IN THE LAST SIX MONTHS ALONE MANY USEFUL ACTIONS
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HAD BEEN TAKEN. THE SECRETARY THOUGHT A FURTHER CONFERENCE
AFTER BELGRADE SHOULD CLEARLY BE SCHEDULED SO THAT PROGRESS
COULD CONTINUE. HE EMPHASIZED THAT NEW INITIATIVES WERE
WELCOME, AS LONG AS THIS WAS NOT AT THE EXPENSE OF WHAT
HAD ALREADY BEEN ACCEPTED.

6. PAHR RESPONDED THAT THE AUSTRIANS VIEW CSCE IN A REALISTIC
LIGHT. FOR THAT REASON THEY WILL PROPOSE TWO TASKS THEY
FEEL ARE IMPORTANT, AND TO WHICH KREISKY HAD ALREADY REFERRED
AT HELSINKI. FIRST, THEY HAVE RECENTLY FLOATED AN ENERGY
PROPOSAL, DIFFERENT FROM THE ALL-EUROPEAN ENERGY CONFERENCE
PREVIOUSLY ENDORSED BY BREZHNEV. THE AUSTRIANS DESIRED
DISCUSSION ON THE TOPIC BY A GROUP OF EXPERTS RATHER THAN
TOP LEVEL LEADERS. THEIRS ALSO WOULD BE BROADER THAN THE
BREZHNEV PROPOSAL WHICH COVERED ONLY ELECTRICAL ENERGY;
IT WOULD INCLUDE OTHER TYPES OF FUEL. PAHR FELT THIS
MADE GOOD ECONOMIC SENSE. IN THIS WAY THE EAST EUROPEAN
COUNTRIES WITH THEIR SURPLUS OF ENERGY COULD BETTER
BALANCE THEIR DEBTS RESULTING FROM IMPORTS OF INDUSTRIAL
GOODS FROM THE WEST. PAHR OBSERVED HERE THAT TWO RECENT
BILATERAL AGREEMENTS ON FUEL IMPORTS FROM POLAND WERE
COMPLICATED BECAUSE THIS FUEL HAD TO BE IMPORTED VIA THE

CSSR, WHICH IN TURN HAD TO BE PAID. IT WOULD HAVE BEEN CHEAPER IF A GRID COULD BE AGREED ON, INCLUDING EVEN A GAS PIPELINE FROM IRAN VIA THE USSR TO WESTERN EUROPE. AT BELGRADE, THEREFORE, AUSTRIA WILL REQUEST THAT AN EXPERT GROUP BE NAMED TO STUDY HOW COOPERATION IN THIS FIELD MIGHT BE DEVELOPED. THE SECRETARY FELT THIS SOUNDED LIKE AN INTERESTING AND PRACTICAL PROPOSAL.

7. SECONDLY, PAHR SAID, AUSTRIA WILL PROPOSE DISCUSSING A EUROPEAN INTERNAL WATERWAY SYSTEM, AS WATER TRANSPORTATION WAS IMPORTANT TO AUSTRIA. THIS PROPOSAL IS MADE WITH AN EYE TOWARD THE COMPLETION OF THE DANUBE-MAIN-RHINE CANAL SCHEDULED FOR 1980, AS WELL AS THE CANAL BETWEEN THE DANUBE AND THE BLACK SEA VIA ROMANIA WHICH MAY BE CONFIDENTIAL

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COMPLETED BY 1982. THE FRENCH AND RUSSIAN SYSTEMS ALSO COME INTO PLAY HERE. IT MIGHT THUS BE POSSIBLE FOR WEST EUROPEANS TO TRADE VIA THE CASPIAN WITH IRAN. PAHR SAID AUSTRIA WILL THEREFORE WAGE A COMMON EFFORT FOR ESTABLISHING A BETTER SYSTEM OF INTERNAL WATER TRANSPORTATION, WITHOUT INFRINGING ON THE RIGHTS OF THOSE INTERNATIONAL WATER REGULATORY BODIES ALREADY IN EXISTENCE. AUSTRIA ONLY WANTS BETTER COOPERATION IN PLANNING AND BETTER COORDINATION IN USAGE, IN THE MANNER THAT AIR TRANSPORTATION IS MANAGED. FOR THE PRESENT ONLY A DECISION TO HAVE EXPERTS STUDY SUCH POSSIBILITIES WOULD BE REQUIRED. THE SECRETARY THOUGHT THIS WAS A PRACTICAL PROPOSAL.

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8. PAHR RECLARED THAT ABOVE ALL AUSTRIA FELT THAT THE TIME AND PLACE OF A FOLLOW-UP MEETING MUST BE DECIDED AT BELGRADE. HE KNEW THAT BELGRADE WOULD BE TOO SHORT FOR MANY FINAL DECISIONS. HE FELT A FOLLOW-UP SHOULD OCCUR IN 2-3 YEARS, AND THE SECRETARY AGREED 3 YEARS SEEMED THE MAXIMUM. VIENNA WOULD BE WILLING TO SERVE AS HOST, BUT MORE IMPORTANT THAN THIS, PAHR STRESSED, AS THAT AGREEMENT ON A DATE AND PLACE BE REACHED. THE AUSTRIANS CAN ALREADY SEE POSITIVE CHANGES IN EASTER EUROPE THANKS TO HELSINKI AND BELGRADE.

9. RETURNING TO THE TWO AUSTRIAN CSCE PROPOSALS, PAHR SAID THAT EARLY REACTIONS HAVE BEEN POSITIVE, ESPECIALLY CONCERNING THE WATERWAYS TRANSPORTATION PROPOSALS. YUGOSLAVIA ON THE OTHER HAND EXPRESSED FEARS THAT THE ENERGY PROPOSAL COULD CAUSE PROBLEMS WITH THE OIL EXPORTING COUNTRIES, AND THAT WORLDWIDE REVIEW WOULD BE PREPFERABLE. THE SECRETARY POINTED OUT THAT THE US HAD TRIED SUCH AN APPROACH, WHICH, HOWEVER, THEN GOT INVOLVED WITH VARIOUS POLITICAL FORCES SUCH AS THE GROUP OF 77. PAHR REITERATED THAT AN INTERDEPENDENT GRID, MUCH AS THEY ENVISIONED, WOULD BE GOOD FOR THE EASTERN EUROPEANS ABILITY TO PAY FOR WEST EUROPEAN IMPORTS. THE SECRETARY OPINED THAT THE MORE PARTIES DEALT WITH ONE ANOTHER THE BETTER.

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10. PAHR THEN PRESENTED AN AIDE MEMOIRE ON THE TRANSPORTATION PROPOSAL, WHICH THE SECRETARY PROMISED TO CONVEY TO THE CSCE DELEGATION (SEPTTEL). JANKOWITSCH NOTED THAT US DELEGATION HEAD AMBASSADOR GOLDBERG MIGHT BE MEETING WITH KREISKY IN VIENNA OCTOBER 1.

11. PAHR THEN RAISED AUSTRIA'S CONCERN ABOUT DIFFICULTIES ENCOUNTERED IN THE US BY AUSTRIAN STEEL IMPORTS AND REQUESTED THE SECRETARY'S ASSISTANCE IN THE MATTER; THE SECRETARY AGREED TO CHECK INTO THE CASE. PAHR POINTED OUT THAT AUSTRIAN STEEL PRODUCTION DOES NOT RECEIVE SPECIAL SUBSIDIES. NOT THE FIRM BUT THE SHARES ARE NATIONALLY OWNED. AUSTRIAN STEEL DOES NOT RECEIVE ONE PENNY OF PUBLIC MONEY PAID TO THE FIRMS. PAHR APOLOGIZED FOR RAISING THIS BILATERAL MATTER.

12. THE SECRETARY THEN STATED HIS DESIRE THAT THE COMPETING US AND AUSTRIAN BIDS TO HOST THE 1979 UN SCIENCE AND TECHNOLOGY CONFERENCE NOT PROVE TO BE A DIVISIVE ISSUE. PAHR SAID HE ALSO FELT THAT WAY AND HAD JUST TOLD HIS

MEXICAN COLLEAGUE THE SAME THING. IN THIS CONNECTION PAHR EXPRESSED HIS THANKS TO THE SECRETARY FOR US ENDORSEMENT OF THE TRANSFER OF SOME UN UNITS TO THE VIENNA DONAU PARK INTERNATIONAL CONFERENCE SITE.

13. IN RESPONSE TO THE SECRETARY'S QUESTION, PAHR DECLARED THAT THE AUSTRIAN ECONOMY IS STILL IN GOOD SHAPE; ONLY 5.6 PERCENT INFLATION, NO UNEMPLOYMENT TO SPEAK OF, STILL SOME 200,000 FOREIGN WORKERS, AND AN INCREASED GNP. THE ONLY PROBLEM IS THE BALANCE OF PAYMENTS; AUSTRIA SPENDS TOO MUCH ABROAD. THE SECRETARY DID NOT FEEL THIS AUSTRIA PROBLEM COULD BE AS BAD AS THAT OF THE US. PAHR POINTED
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OUT THAT AUSTRIA'S IMBALANCE WITH THE EC COUNTRIES WAS WORSE THAN THAT OF THE LATTER WITH JAPAN. THE EC WAS CONCERNED, AND SOME SORT OF SOLUTION IS NECESSARY. THE SECRETARY AGREED THE PROBLEM WAS SERIOUS. PAHR NOTED THAT MOST AUSTRIAN CARS ARE IMPORTED. LAST YEAR ALONE OVER A BILLION DOLLARS WORTH CAME FROM THE FRG. JANKOWITSCH OBSERVED THAT US CAR IMPORTS ARE CHEAPER, BUT THEY CONSUME TOO MUCH GASOLINE.

14. PAHR ACKNOWLEDGED THAT FRG ECONOMIC DEVELOPMENTS INFLUENCE AUSTRIA. FRG PROBLEMS WERE MORE SERIOUS, ESPECIALLY UNEMPLOYMENT. THE AUSTRIANS HOWEVER, SOLVE THIS BY DEFICIT SPENDING. PAHR AGREED WITH THE SECRETARY THAT THE SCHMIDT ANTI-INFLATIONARY PROGRAM HAD BEEN SUCCESSFUL, BUT AT THE COST OF EMPLOYMENT.

15. FOLLOWING TERMINATION OF THE MEETING, THE EUR/CE DIRECTION EXPRESSED TO PAHR THE HOPE THAT SOMETHING MIGHT YET BE DONE TO ALLOW THE VIENNA OPERA TO COME TO WASHINGTON NEXT YEAR, DESPITE AUSTRIA'S FINANCIAL PROBLEMS.
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Message Attributes

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